



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 27, 1999

S. 468

Federal Financial Assistance Management Improvement Act of 1999

As ordered reported by the Senate Committee on Governmental Affairs on May 20, 1999

SUMMARY

S. 468 would require federal agencies to simplify the procedures for state and local governments and nonprofit organizations to apply for and report on federal grant and assistance programs. Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 468 would increase planning and reporting costs by between \$5 million and \$10 million over the 2000-2004 period. This estimate includes several million dollars in costs for federal agencies to develop and report on plans to implement the bill's provisions and between \$1 million and \$2 million for the Office of Management and Budget (OMB) to oversee the effort.

Because the bill could affect direct spending by agencies not funded through annual appropriations, such as the Tennessee Valley Authority, pay-as-you-go procedures would apply. CBO estimates that such effects would not be significant. S. 468 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on the budgets of state, local, or tribal governments.

DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

The bill would direct OMB to oversee an interagency effort to implement the bill's seven objectives, including creating a single form for applicants to apply for multiple federal assistance programs, allowing applicants to apply for and report on the use of federal funds electronically, and establishing performance measures. The bill also contains several reporting requirements. Within three years of enactment, agencies would be required to develop a plan to implement the bill's objectives, which the agencies would report on in subsequent years. It also would require OMB to report to the Congress on the agencies' plans and the General Accounting Office (GAO) to evaluate and report to OMB and the Congress on the bill's effectiveness. The bill's provisions would expire eight years after enactment.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Subject to appropriation of the necessary amounts, CBO estimates that S. 468 would increase planning and reporting costs by between \$5 million and \$10 million over the 2000-2004 period.

Much of S. 468 would codify current law or current policy. For instance, a uniform application—SF 424, Application for Federal Assistance—already exists. Additionally, initiatives currently are under way to streamline application and reporting requirements (such as measures resulting from the Paperwork Reduction Act of 1995) and increase the use of electronic methods (such as the Interagency Electronic Grant Committee), although S. 468 could expedite and improve such efforts. Expediting the reduction of paperwork requirements and the implementation of electronic information systems for federal financial assistance programs could reduce some administrative costs, but CBO expects that savings over the next five years would probably not be significant.

The bill would require agencies to devise plans to implement its seven objectives, including establishing performance measures to track their progress, and to report annually on their success relative to such measures. CBO estimates that such costs would not be significant for any one agency, but that they would total at least several million dollars over the five-year period. (We expect the bill would apply to the approximately 20 agencies that provide nearly all of domestic federal financial assistance.)

In addition, the bill would require OMB to oversee the effort, which CBO estimates would cost between \$1 million and \$2 million. That estimate would cover the annual costs of one to two staff-years to coordinate and oversee the interagency effort, as well as the costs to review and comment on the agencies' performance plans and reports and to report to the Congress on such plans.

Finally, the bill would require the GAO to evaluate and report on the bill's effectiveness within six years of the bill's enactment. Because the report would not be due until fiscal year 2005, CBO estimates that implementing this provision would result in a minor increase in costs over the 2000-2004 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Enforcement Deficit Control Act specifies procedures for legislation affecting direct spending and receipts. Pay-as-you-go procedures would apply to

S. 468 because it could affect spending by agencies not funded through annual appropriations, but CBO estimates that any such effects would not be significant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 468 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on the budgets of state, local, or tribal governments. The bill would reduce the cost of meeting application and reporting requirements for state, local, and tribal governments.

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